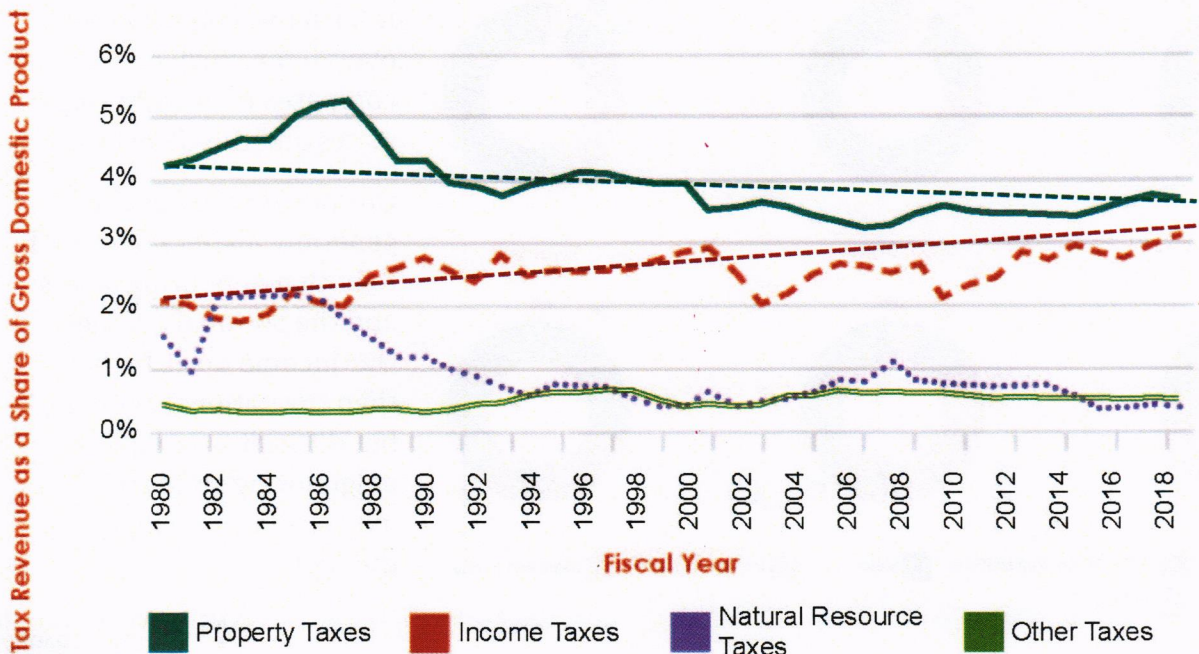


Since the Fall of 2020, LFD has been working from a misguided basis in their assumptions about the growth of local government revenues relative to “the economy.” The current narrative uses the rate of *personal income* growth and *population* to state and local property taxes over time. Neither personal income nor population growth should be used as the benchmark to show trends in property taxes, since neither have any bearing on the collection, rates, or newly taxable values for property taxes.

A more meaningful and objective picture of growth rates in various Montana taxes was provided in the Department of Revenue’s Biennial Report in 2020. In that report, the state provided a comparison of the growth rates of state and local taxes as a share of GDP (which is a more relevant indicator of the economy) in Montana.

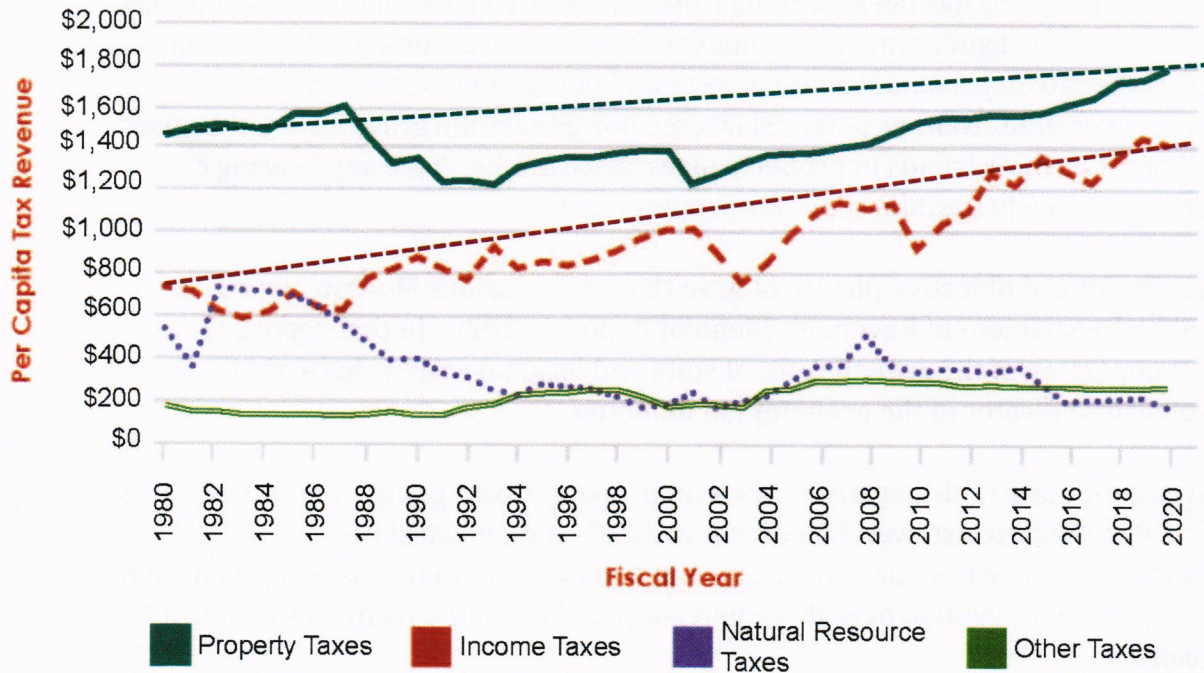
In this analysis, the state finds negative growth in property taxes, going from roughly 4.25 percent of GDP in 1980 to just over 3.5 percent in 2020 – a downward trend of 0.75 percent. During this same time period, income tax revenue paid to the state climbed from just over two percent in 1980 to over three percent in 2020 – and upward trend of just over 1 percent.

DOR State and Local Taxes as a Share of GDP in Montana (1980-2019) **Four Types of Taxes Reported Separately**



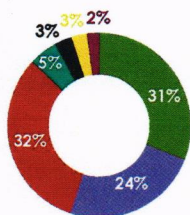
As another frame of reference, the Department of Revenue analyzed Montana taxes on a per capita basis (adjusted for inflation) and found that property taxes have increased roughly 24 percent over the past 40 years, while income taxes have increased by nearly 87 percent.

Per Capita DOR State and Local Taxes in Montana (1980-2020) Four Types of Taxes Reported Separately - Adjusted for Inflation

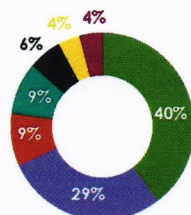


State and Local Taxes in Fiscal Year 2018

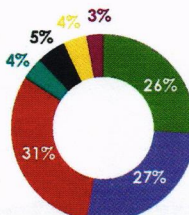
Average of all Fifty States



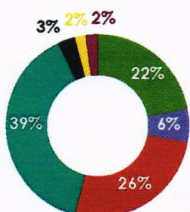
Montana



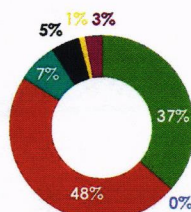
Idaho



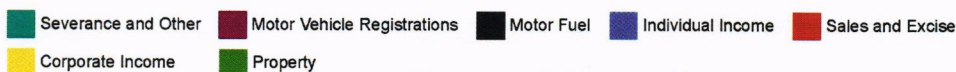
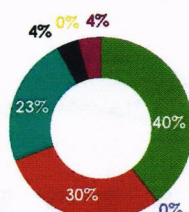
North Dakota



South Dakota



Wyoming



This graphic provides additional useful information on how our overall tax burden compares to neighboring states and the US overall.

Our property taxes are generally higher compared to both neighboring states and the national average. Our income tax is higher than the national average, but difficult to compare to neighboring states who may or may not employ the tool.